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MID-TERM REVIEWS OF COUNTRY AND INTERCOUNTRY PROGRAMMES

Mid-term review of the fourth country programme for Costa Rica

I. INTRODUCTION

1. The fourth country programme for Costa Rica was approved by the Governing Council at its thirty-fourth session (1987). The resources taken into account at the start of the country programme amounted to $9.6 million (see annex).

2. The mid-term review, held in January 1990, took place after the work of a task-force set up between the Ministry of External Relations and Culture, the Ministry of Planning, and the Office of the United Nations Development Programme (UNDP) in Costa Rica.

II. FINANCIAL DATA

3. The original indicative planning figure (IPF) resources available to the Costa Rica country programme amounted to $4,571,000 (net of carry-over). This amount was increased by $1,080,000, reaching a total of $5,662,000. Cost-sharing contributions increased from $533,500 to $4,578,947 as the result of an increase in government cost-sharing of $1,364,647 and third-party cost-sharing contributions from the Netherlands and Finland totalling $2,680,800. Funds from Management Services Agreements were increased from $2,575,000 to $6,487,180 thanks to contributions from the United States Agency for International Development, the World Bank and the Government of Italy.

4. IPF and cost-sharing funds committed to 13 new projects during the period under review amounted to $8,543,091.

5. In January 1990, IPF expenditures amounted to $3,537,000 against an IPF of $5,662,000, which represented 62 per cent of the total. Of the unexpended balance,

READEX FICHE

$1,404,532 was committed to new projects which had already been approved. The uncommitted balance at the time of the mid-term review exercise was $720,468.

6. There were no expenditures of central Project Development Facility funds during the period under review.

III. PROGRAMME AND PROJECT DATA

A. Comparison of planned project list against actual project approvals

7. A total of 23 projects were identified in the country programme document, of which 13 have since been approved. The original amount of resources programmed for these 13 projects was $4,661,000, while actual approvals reached $8,543,091. Ten projects for a total of $500,000 were never prepared because of changes in the Government's priorities.

8. Nine projects with a total value of $1,477,614 were added to the original list of projects.

9. Programmed and new projects financed by the IPF and cost-sharing reached a total of $10,020,705, reflecting an increase in $5,359,705 over the programmed resources.

B. Projects not foreseen in the original country programme

10. The nine projects which were not foreseen in the original document (for a cost of $1,477,614) included support on external debt control; macro-economic and financial policies and programming; small-scale irrigation; accession to the Uruguay Round; training on computerization for decision-making in the public sector; housing strategies; and institutional support to the Foreign Ministry and the Second Vice-Presidency on social affairs. These projects were, however, consistent with the objectives of the country programme.

C. Progress in programme implementation: activities and results

11. The fourth country programme for Costa Rica was conceived to support governmental action with the following four objectives:

(a) Improvement of the machinery and procedures for governmental decision-making;

(b) Improvement of the process of economic and social democratization;

(c) Promotion of the process of economic restructuring;

(d) Strengthening of national identity.

Governmental decision-making

12. Significant headway has been made in improving the decision-making process of the Government on public policy issues through the organization of a fully computerized decision-making centre.

13. An information system was developed at the Department of International Co-operation of the Ministry of Planning. It has improved the process of negotiation of technical and financial assistance from donors. Furthermore, an information network was established at the Foreign Ministry and selected embassies to facilitate decision-making on foreign affairs policies.

14. Data bases were also developed for the social sector through the Second Vice-Presidency, which is in charge of co-ordination in this sector. Some of the areas involved include women in development, the participation of non-governmental organizations, food and nutrition and control of drug use.

15. The Ministry of Labour and Social Security has benefited from a computerized administrative and operational system which has expedited the application of minimum salary policies, labour market analysis and the linkage of productivity variables to salary policies.

16. The Ministry of Education has also benefited through a computerized network that has improved the implementation of decisions on educational policy, as well as the internal management process.

Economic and social democratization

17. The most relevant contributions in this objective were the implementation of a programme of transfer of public enterprises to co-operative organizations, including enterprises in the fertilizer, cement and sugar cane industries.

18. The programme is also helping to introduce a new technology for the use of bamboo for low-cost housing. This is an integrated approach that includes testing for the mass production of bamboo and training for the construction of simple housing structures, using bamboo and other local materials. The technique developed by the project will be used in a large programme to construct 7,500 low-income housing units annually starting in 1994.

19. As a spin-off of the first objective, the programme has contributed to the implementation of a national programme for the introduction of computers as a tool for education in primary and secondary schools in urban and rural areas.

Economic restructuring

20. Important progress was made towards achieving the third objective through support to the negotiation of the country's external debt. This was successfully finalized with the purchase of long-term debt with creditor banks and multilateral financing institutions for an approximate value of $1 billion.

21. Support was provided for the negotiations regarding the second structural adjustment loan for $200 million, financed by the World Bank and Japan. The programme has also helped to measure the social impact of the adjustment process through the execution of the technical assistance loan linked to the structural adjustment loan.

22. The Coalition of Development Initiatives of Costa Rica was assisted with the establishment of offices for the promotion of investments in the United States and Europe and the formulation of a foreign investment programme, which reached approximately $130 million in a three-year period.

23. Activities on technology management were initiated in relation to the industrial reconversion programme.

24. The Ministry of Planning received technical reports on poverty issues; reorganization of the public sector; exports and export incentives; health; education; bank auditing; rationalization of bureaucratic transactions; budgeting; and investment programming and planning.

25. As mentioned above, the programme has helped the Government in its negotiations to accede to the General Agreement on Tariffs and Trade (GATT) and to participate in the Uruguay Round.

26. An information system was set up at the Centre for Export Promotion in order to provide services to exporters, particularly regarding markets for non-traditional exports, tariffs, prices and other trade information.

Strengthening of national identity

27. The fourth objective, aimed at reorganizing the National Museum of Costa Rica, was accomplished. The programme supported improvements in the exhibits themselves covering the Conquest period to the present and in the management of the Museum. The Museum is visited by a large proportion of students in the country.

IV. PROGRAMME ANALYSIS

28. The mid-term review did not identify deviations from the established goals. The document indicates that the programme has been a useful tool, both for the Government and UNDP in the allocation of technical co-operation resources as contributions to the development priorities of the country.

29. The original country programme objectives continue to be relevant to the needs of Costa Rica and continue to reflect development strategies. The Government presented a document to the Consultative Group held in November 1989, in which exports feature as a central motor for economic growth. Other development strategies include the importance of the private sector; market mechanisms; the reform of the State to stimulate production; industrial reconversion; scientific and technological development linked to productive sectors; and the need to consolidate and decentralize social services.

30. At the same meeting, the Government of Costa Rica outlined its technical co-operation strategies for development as follows:

(a) Transformation of the productive capacity for exports with an emphasis on agro-industry, industrial reconversion and scientific-technological development linked to production;

(b) Improvement in the quality of social services;

(c) Protection of the environment and the rational use of natural resources;

(d) Improvement of the efficiency of the public sector.

31. The document on technical co-operation strategies also emphasizes the need for further co-ordination between donors and the Government in the programming, implementation, evaluation and monitoring of technical co-operation projects.

32. The fourth country programme is in line with the development and technical co-operation priorities of the Government as described above and will continue to be valid.

33. The programme has contributed to the promotion of exports; the improvement of the efficiency of the public sector; the process of industrial reconversion and technological transformation; and in the improvement of social services, particularly housing and education. The only important area where the programme has not had a presence has been in the protection of the environment and the rational use of natural resources. It should be noted that technical co-operation needs in this area are being addressed by other bilateral and multilateral donors.

34. With respect to programme implementation, a recurring problem has been the insufficient allocation of counterpart budgets and inputs. This has slowed the rate of delivery.

35. The different modalities for resource allocation and approval have limited the extent to which joint programming of United Nations system activities has been undertaken. With the adoption of the technical co-operation strategies mentioned above, the Government's capacity in relation to the formulation, co-ordination and monitoring of technical co-operation is expected to improve.

36. While difficulties have been experienced in co-ordinating the activities of the United Nations system, the UNDP Office in Costa Rica has had a remarkable success in co-ordinating with bilateral donors and in obtaining third-party cost-sharing and resources for management services within the framework of the country programme.

37. As noted above, there is a direct linkage between the country programme and the World Bank-sponsored structural adjustment programme.

V. RECOMMENDATIONS

38. The mid-term review recommended that an evaluation of the performance of the United Nations and of the delivery of technical co-operation in general be made when preparing the next country programme. A recommendation has also been made to carry out a review of the existing obstacles to national execution.

Annex

FINANCIAL SUMMARY AS OF JANUARY 1990

I. RESOURCES TAKEN INTO ACCOUNT	At start of country programme	At time of MTR
	$	$
IPF allocations (including third cycle carry-over)	4 582 000	5 662 000
Government cost-sharing	533 500	1 898 147
Third-party cost-sharing	-	2 680 800
Subtotal of IPF-linked resources	5 115 500	10 240 947
Other funds under authority of Administrator	4 532 300	6 487 180
Total resources taken into account	9 647 800	16 728 127

II. USE OF RESOURCES a/	At start of country programme	At time of MTR
Approved projects	1 271 000	7 282 399
Pipeline projects	1 010 000	493 000
Unprogrammed resources	2 834 500	2 465 548
Total	5 115 500	10 240 947

a/ IPF plus cost-sharing.